LME
An HKEX Company

User Committee

Terms of Reference

STATUS

1.1 The User Committee (the "Committee") is a sub-committee of the Board (the "Board") of The London Metal Exchange (the "Company", "the Exchange" and "the LME").

PURPOSE

2.1 The Committee is responsible for:

(a) representing the users of the LME's direct or indirect services; and

(b) advising the Board on strategic issues.

2.2 The Committee shall be given sufficient resources to enable it to perform its functions, including the resources for seeking independent legal and professional advice and including access to the Company Secretariat for advice and assistance as required.

COMPOSITION AND MEMBERSHIP

3.1 The Committee shall comprise balanced and appropriate representation from the users of the Exchange and industry. It shall consist of at least eight members (excluding the ex officio member defined in Clause 3.2) and it may be comprised of persons from the following categories:

(a) representatives of a cross section of LME Members;

(b) selected members from the Advisory Committees;

(c) other industry representation

and furthermore, up to three LME Board Directors shall have the permanent right (unless revoked by the Board) to attend Committee meetings Such directors shall participate in Committee proceedings as non-voting members.

3.2 The Chief Executive Officer of the Company shall, ex officio, be a member of the Committee and will attend all the meetings as a non-voting member. Other Board Directors or members of the Exchange may be invited to attend all or part of any meeting as and when appropriate at the discretion of the Chair, save in relation to the three LME Board members referred to in sub-clause 3.1 who shall have the right to attend all Committee meetings as non-voting members

3.3 The Committee's members including the Chair shall be nominated by the LME Executive Committee and appointed by the Board.

3.4 Members of the Committee including the Chair shall generally be appointed for three years per term and shall be eligible for reappointment by the Board for no more than two additional terms following the initial three-year term, equivalent to a maximum of nine years' continuous service.

3.5 Committee members are prohibited from appointing alternates.

3.6 The Board may at its sole discretion request that any member of the Committee including the Chair shall resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by the Board.

3.7 Should a Committee member including the Chair cease to be employed by the employer by whom they were employed at the time of their appointment, their membership to the Committee

will cease immediately and notification should be sent to the Committee Chair and the Company Secretariat. In cases where the individual joins an organisation following their resignation and would like to re-join the Committee, they would be considered as part of sub-clause 3.1 and 3.3.

3.8 With reference to sub-clause 3.7 should two or more Committee members become employed by the same employer or the same group as a result of a corporate transaction, then the Board in consultation with the Chair and the employer shall determine which member if applicable should remain on the Committee.

3.9 In the event that the Chair is unavailable for any reason, the Exchange may appoint an alternate chair from the members of the Committee until the Chair is available again.

COMMITTEE SECRETARY AND MINUTES

4.1 The Company Secretary or his/her nominee shall be the Secretary of the Committee.

4.2 Minutes, which shall include the recording of the names of those present and in attendance at Committee meetings, will be taken for all meetings by the Secretary of the Committee or his / her nominee and minutes of the preceding meeting shall be approved by the Committee at each meeting. Once approved, the minutes will be authenticated by the Chair as a conclusive record of the Committee proceedings at that meeting.

MANDATE, AUTHORITY AND REPORTING

5. The Committee has been established as an advisory committee to the LME Board and does not have the authority to make decisions or adopt resolutions. The Committee can make recommendations to the LME Board in accordance with sub-clause 8.2 herein and the Chair shall report to the Board in accordance with sub-clause 8.1 herein.

FREQUENCY OF MEETINGS

6.1 The Committee shall meet at least quarterly and more frequently when appropriate.

6.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair or any of its members, in which case the approval of the Chair shall firstly be obtained.

6.3 The Committee may meet for dispatch of business, adjourn and otherwise regulate its proceedings as its members deem fit.

6.4 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation.

6.5 The meeting agenda will be agreed in advance between the Chair and the Exchange (taking into account the requirements of sub-clause 9.3 below) and, unless otherwise agreed, shall be forwarded to each member of the Committee, and, as appropriate, any other person required to attend the Committee meeting, together with supporting papers, no later than five working days before the date of the meeting.

6.6 Papers prepared for the Committee may be sent (email or other medium) between meeting dates and decisions or recommendations may be solicited and received between meetings (including by email or other appropriate electronic methods of communication), where necessary, to avoid delays in the decision-making processes.

6.7 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Board, in consultation with the Chair.

QUORUM AND DECISION-MAKING

7.1 Five members, including the Chair (or their alternate, appointed pursuant to paragraph 3.9 above), shall constitute a quorum.

7.2 Notwithstanding clause 5 herein, should any decisions be required these will be taken by consensus. If no consensus can be reached then the topic shall be put to a vote. All voting members of the Committee, being all Committee members other than the LME Board Directors referred to in sub-clause 3.1, and the CEO as referred to in sub-clause 3.2, shall have one vote. The decision will be taken by simple majority of those present and entitled to vote at the meeting. In the event of a tied vote, the Chair shall have the casting vote.

REPORTING RESPONSIBILITIES

8.1 The Chair shall report formally to the Board from time to time on Committee meeting proceedings in respect of all matters within the Committee's duties and responsibilities (such reports may be presented by a member of the LME Executive who regularly attends Committee meetings), and at least annually, the Chair shall present a report to the Board summarising Committee meeting discussions, and any recommendations (as applicable) during the year.

8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where it believes action or improvement is needed.

REGULATORY COMPLIANCE

9.1 Confidentiality

9.1.1 Committee members must ensure that, unless outside consultation is specifically agreed, all matters discussed, and all materials and data made available to them in respect of their committee-related activities, are kept confidential at all times. To promote open discussion and maintain confidentiality, the use of audio recording, video recording, automated transcription services, virtual minute-taking applications, artificial intelligence note-taking tools, or similar technologies during Committee meetings is not permitted by Committee members. The approved minutes prepared by Company Secretariat shall serve as the official record of proceedings.

9.2 Management of Conflicts of Interest Committee members must not abuse their Committee status and must not be involved in any recommendations where they may have a conflict of interest.

9.2.2 A conflict of interests could arise where a Member's responsibilities are affected by a professional interest, personal interest, personal association, or interest or association of their close family. Where Committee members think they may have a conflict of interest in relation to any matter to be discussed at a Committee meeting or that comes under discussion at a Committee meeting, they must absent themselves from the part of the meeting at which that matter is discussed and the minutes of the meeting must record the absence.

9.2.3 Further, where the Chair feels that there may be a conflict of interest in respect of any matter to be discussed at a meeting or that comes under discussion at a Committee meeting, and it

is appropriate for a Committee member to leave all or part of a meeting, the Chair shall ask the member to leave the meeting. No reason need be given.

9.2.4 Members that may have a conflict of interest shall receive minutes of the meeting with the matter in respect of which they may have a conflict of interest redacted from the copy of the minutes they receive.

9.2.5 Without prejudice to sub-clause 9.2.4, the Board may request that a Committee member (including the Chair) resign from the Committee where the Board has reason to believe that such Committee member has an interest or interests of any form which may conflict with the interests of the Company or with any company within the HKEX group, and the Committee member shall comply with such request. No reason need be given.

9.3 Inside information and commercially sensitive information The LME shall observe the requirements relating to the management of inside information and commercially sensitive information as prescribed by the LME and notified to the Committee from time to time.

9.3.2 In practice, this may mean that consideration of certain items which may be inside information or commercially sensitive information shall be withheld from meetings of the Committee until such information is within the public domain.

9.4 Anti-trust and competition laws Committee members must ensure that all matters discussed in respect of their Committee- related activities are not in breach of anti-trust or competition laws.

9.4.2 Applicable laws (Competition Act 1998 in the UK and Article 101 TFEU[1]) prohibit anticompetitive arrangements that may affect trade, and which have as their object or effect the prevention, restriction or distortion of competition. Arrangements can be informal or verbal, and there does not need to be a physical meeting.

9.4.3 The type of arrangements which are restrictive of competition, and which constitute a serious competition law infringement include:

9.4.3.1 Price fixing;
9.4.3.2 Market sharing;
9.4.3.3 Information sharing, including:

(a) price information

(b) non-price information

9.5 Arrangements to ensure compliance To meet these compliance requirements, the LME has arrangements in place to manage the information which arises as part of the Advisory Committees, which include:

9.5.1.1 Review of all materials produced as part of the Committee process by the LME
9.5.1.2 Training for LME representatives who sit on the Committees
9.5.1.3 Supervision of all Committee meetings by the LME
9.5.1.4 Circulation of Guidelines for committee Chairs and members to follow to meet regulatory obligations

OTHER MATTERS

10.1 The Committee shall annually review its own performance, constitution and terms of reference to ensure it is operating effectively and shall recommend any changes to the Board for approval.

[1] Treaty on the Functioning of the European Union